

STATE OF TEXAS §
 §
 COUNTY OF FORT BEND §

**TAX ABATEMENT AGREEMENT BETWEEN
 FORT BEND COUNTY DRAINAGE DISTRICT AND
 SCHLUMBERGER TECHNOLOGY CORPORATION AND
 SCHLUMBERGER LIMITED (SCHLUMBERGER N.V.)**

This Tax Abatement Agreement, hereinafter referred to as "Agreement," is executed by and between **FORT BEND COUNTY DRAINAGE DISTRICT**, acting by and through the Drainage District Board, hereinafter referred to as "District" and **SCHLUMBERGER TECHNOLOGY CORPORATION**, a Texas corporation, as Owner of the Real Property subject to this Agreement (hereinafter referred to as "Owner"); and **SCHLUMBERGER LIMITED** (Schlumberger N.V.), a foreign corporation as Lessee of a portion of the Real Property subject to this Agreement (hereinafter referred to as "Lessee").

1. Authorization

- a. This Agreement is authorized by the Property Redevelopment and Tax Abatement Act, Chapter 312 of the Texas Tax Code as it exists on the effective date of this Agreement, and;
- b. The Guidelines and Criteria for Granting Tax Abatement in Reinvestment Zones in Fort Bend County Drainage District were approved by the District on February 24, 2015. District has determined that the request for Tax Abatement presented by Owner and Lessee conforms to the criteria established in the Guidelines for Tax Abatement.
- c. No official of District has an interest in the property subject to this Agreement.

2. Definitions

As used in this Agreement, the following terms shall have the meanings set forth below:

- a. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in the City of Sugar Land Reinvestment Zone No. 2015-02, designated for economic development purposes.
- b. "Affiliate" means any other Person directly or indirectly controlling, directly or indirectly controlled by or under direct or indirect common control with such Person. As used in this definition the term "control," "controlling," or "controlled by" means the possession, directly or indirectly, of the power to (a) vote fifty percent (50%) or more of the securities or interests having ordinary voting power for the election of directors (or other comparable controlling body) of such Person or (b) direct or cause the direction of management or policies of such Person, whether through the ownership of voting securities or interests, by contract or otherwise, excluding in each case, any lender of such Person or any Affiliate of such lender.
- c. "Certified Appraised Value or Value" means the value certified as of January 1 of each year of this Agreement regarding the property within City of Sugar Land Reinvestment Zone No. 2015-02 by the FBCAD.

- d. "Class A Office Space" means office space that upon completion of its construction meets a very high quality standard, has state-of-the-art facilities, is serviced by other amenities, and is constructed, at a minimum, according to the building finish standards that apply in the City of Sugar Land's B-2 (General Business) zoning district.
- e. "Company," collectively, means Schlumberger Limited and Schlumberger Technology Corporation.
- f. "County" means the County of Fort Bend, Texas.
- g. "Employee" means a person who:
 - i. Is an employee or contract employee of the Company or an Affiliate or Subsidiary of the Company employed on the Land at the Improvements and paid directly, or in the case of a contract employee paid directly or indirectly, by the Company or an Affiliate or Subsidiary of the Company; and
 - ii. Was not an employee of the Company or an Affiliate or Subsidiary of the Company working within the City as of the date on which this Agreement was executed; and
 - iii. Regularly works at least 35 hours per week, excluding time taken for holidays, vacations, sick leave, or other regular leave.
- h. "FBCAD" means Fort Bend Central Appraisal District.
- i. "Eligible Property" means the property that will be subject to abatement under this Agreement. For purposes of this Agreement only, eligible property shall only refer to Improvements, which is defined below.
- j. "Improvements" means buildings located on the Land to be used as the national headquarters for the Owner and Lessee to provide administrative and management services in connection with the business operations of the Owner and Lessee, and constructed, at a minimum, according to the building finish standards that apply in the City of Sugar Land's B-2 (General Business) zoning district and containing approximately 250,000 square feet of Class A Office Space, 110,000 square feet of space for an amenities building, and any sidewalks, parking lots outdoor lighting, landscaping, and other improvements to serve the buildings, all as shown in Exhibit D, attached to and incorporated into this Agreement by reference. "Improvements" does not include the existing building on the Land known as "The Forum," which will be demolished as part of the project to construct the Improvements.
- k. "Ineligible Property" means real property, existing improvements, tangible personal property that the FBCAD classifies as inventory or supplies, real property used primarily to provide retail sales or services to the public, real property used for residential purposes, tangible personal property classified as furnishings, tangible personal property located in the reinvestment zone prior to the execution date of this Agreement, real property with a productive life of less than 10 years, or any other property for which abatement is not allowed by Section 312 of the Texas Property Tax Code or is specifically excluded under the other provisions of this Agreement.
- l. "Lessee" means Schlumberger Limited (Schlumberger N.V.), a foreign corporation, known as Schlumberger Limited in the State of Texas.
- m. "Owner" means Schlumberger Technology Corporation, the person or entity that owns the real property as of the date on which this Agreement is executed and as

of the date taxes are abated under this Agreement or any other person or entity to which this Agreement is assigned in accordance with this Agreement.

- n. "Personal Property" means any property classified as tangible personal property by the FBCAD, other than inventory or supplies, that is located within the building(s) to be constructed as part of the Improvements.
- o. "Real Property" or "Land" means the land described in Ordinance No. 2026, which created Sugar Land Reinvestment Zone No. 2015-02 and identified in in Exhibit "B" attached hereto and incorporated herein for all purposes.
- p. "Subsidiary" means, for any Person, any corporation, partnership or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions of such corporation, partnership or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person, one or more Subsidiaries of such Person, or by such Person and one or more Subsidiaries of such Person.

3. Subject Property

- a. The City of Sugar Land Reinvestment Zone No. 2015-02 is an area located in Fort Bend County, Texas, being legally described in Exhibit A attached hereto and incorporated herein for all purposes.
- b. The FBCAD has established the base year values for the subject property as of January 1, 2015.

4. Responsibility of Owner and Lessee

In consideration of receiving the tax abatement granted herein, Owner and Lessee: represent and agree:

- a. That construction of the Improvements shall be completed on or before December 31, 2017.
- b. In the event that the Owner is unable, for any reason, to complete the proposed Improvements by December 31, 2017, as set forth by Section 4.a of this Agreement, the Owner may request in writing up to two (2) one-year extensions to comply with all remaining obligations of Section 4 to complete construction of the Improvements by December 31, 2018 for the first one-year extension or by December 31, 2019, for the second one-year extension. The Owner must submit the first extension notification to the District by November 30, 2017 or by November 30, 2018 for the second extension. If the Owner elects to provide the District written notification for an extension(s), the District agrees and acknowledges that all other obligations of Owner and Lessee in this Agreement are postponed and extended by one calendar year. If the completion of construction of the Improvements is extended under this paragraph, Owner and Lessee may elect to begin the abatement years on January 1 following such extended construction completion date; provided, however, that the total adjusted abatement period shall not exceed 10 years.
- c. That Owner, within sixty (60) days after completion of the Improvements, shall provide the District's Tax Assessor/Collector a certified statement evidencing that

Owner and/or Lessee, in the aggregate, have incurred a minimum of \$240,000,000 in Personal Property and project costs with respect to the design and construction of the Improvements.

- d. That Owner shall provide the District's Tax Assessor/Collector with a copy of the Certificate of Occupancy for the Improvements and Personal Property by the later of December 31, 2017 or the extension date as described in Section 4.b of the Agreement. Owner's failure to present a copy of the Certificate of Occupancy to District may result in a forfeiture of the tax abatement for the tax year.
- e. That the Certified Appraised Value of the Improvements and Personal Property must not be less than \$100,000,000 on each and every January 1 during the term of this Agreement. Owner may from time to time during the term of this Agreement install additional improvements, and modify, remove or replace improvements as Owner may determine in their discretion. Failure to meet the requirements of this section will result in the reduction of the tax abatement for the year this requirement was not satisfied.
 - i. If the sum of the Value of the Improvements and Personal Property is less than \$100,000,000 on January 1 of any year subject to the tax abatement, the property tax abatement on the Value of the Improvements for such year will be reduced as provided in this Section.
 - ii. If the property tax abatement reduction applies in any of the years as provided in this Agreement, the property tax abatement on the Improvements is reduced by a percentage equal to $\frac{\$100,000,000 - (\text{Value of the Improvements} + \text{Value of Personal Property})}{\$100,000,000} \times 100\%$ = percentage reduction.
 - iii. An example of the percentage reduction is as follows: If on January 1, 2018, the combined value of the personal property and improvements was \$80,000,000, the calculation would be $\frac{(\$100,000,000 - \$80,000,000)}{\$100,000,000} \times 100 = 20\%$. For 2018, the property tax abatement for the Improvements would be reduced by 20% from 100% to 80%.
- f. Lessee agrees to meet the following employee requirements. These requirement time periods shall be extended only in accordance to Section 4.b of the Agreement:

Time Period	Number of Employees Required
Beginning January 1, 2018, and ending December 31, 2018	At least 260 Employees employed at the Improvements
Beginning January 1, 2019, and ending December 31, 2019	At least 390 Employees employed at the Improvements
Beginning January 1, 2020, and ending December 31, 2027,	At least 517 Employees employed at the Improvements

- g. The above referenced requirement time periods may be extended only in accordance with Section 4.b of the Agreement.
- h. Lessee shall annually furnish District with only those payroll records allowed by law and necessary for District to confirm Lessee's compliance with this Agreement (e.g. number of employees is appropriate; payroll dollars, taxes, benefits, and bonuses are not appropriate).
- i. If for any year of this Agreement, the actual number of Employees is less than the required number of Employees applicable for that year under this Agreement, District may not declare an event of default so long as the actual number of Employees is at least 65% of the required number of Employees, but the tax abatement provided in this Agreement will be reduced in the same percentage as the percentage decrease in the actual number of Employees from the number required. The average number of Employees maintained in the year will be used for the percentage calculation. For example, if the average number of Employees is 400 in 2020, the percentage decrease in the actual number of Employees below the number required would be 23% $[(517-400) / 517] \times 100 = 23\%$. The percentage of the tax abatement granted in 2020 under this Agreement on Improvements and Personal Property would be decreased by the same percentage $(100\% - 23\% = 77\%)$. This paragraph survives termination or expiration of this Agreement.
- j. That Owner or Lessee will continue to participate in the continuing economic development process in Fort Bend County by maintaining its current Trustee Membership (\$6,000/yr. dues) in the Greater Fort Bend Economic Development Council for a minimum period coinciding with the term of this Agreement.
- k. OWNER and Lessee SHALL BE RESPONSIBLE FOR NOTIFYING THE FBCAD OF THE ABATEMENT, INCLUDING FILING WITH THE FBCAD ANY APPLICATION OR OTHER FORMS NECESSARY TO QUALIFY FOR OR RECEIVE THE ABATEMENT GRANTED.
- l. OWNER SHALL BE RESPONSIBLE FOR REQUESTING AN ASSIGNMENT OF THIS AGREEMENT IN THE EVENT THE REAL PROPERTY THE SUBJECT OF THIS AGREEMENT IS SOLD, TRANSFERRED OR ASSIGNED. EXCEPT AS OTHERWISE PROVIDED HEREIN, ANY ASSIGNMENT IS NOT EFFECTIVE UNTIL APPROVED IN WRITING BY DISTRICT.
- m. That Owner and Lessee have, as of the effective date of this Agreement, the financial resources to implement the above representations.
- n. That Owner and Lessee shall ensure that taxes on all property owed in Fort Bend County are current. Delinquent taxes for any Fort Bend County Property is a default of Owner's obligations and will be grounds for termination regardless of whether the delinquent property is subject to an abatement.

5. Value and Term of Abatement

- a. This Agreement shall be effective on the date executed by District and shall terminate (unless earlier terminated in accordance with the terms hereof) on December 31, 2027 unless otherwise extended per Section 4.b of the Agreement.
- b. In each year that this Agreement is in effect, the amount of abatement shall be an amount equal to the percentage indicated below of the taxes assessed upon the Improvements.

- c. Subject to the limitations imposed by law and conditioned upon the representations outlined in Section 4 herein above, there shall be granted and allowed hereunder a property tax abatement for the following years and in the following amounts on the value of the Improvements:

Tax Year	Percentage Abatement
2018	100%
2019	100%
2020	100%
2021	100%
2022	100%
2023	100%
2024	100%
2025	100%
2026	100%
2027	100%

- i. The abatement granted shall not apply to the value of the Real Property, increases in the value of the Real Property, Ineligible Property, Personal Property, inventory or supplies.
- ii. The FBCAD's determination of values shall be used to determine the value of the property subject to this Agreement. If Owner protests the FBCAD's valuation of the property, the valuation placed on the property after the protest is resolved under State law shall be used.
- iii. On or before September 1 of each year of this Agreement, Owner and Lessee shall each certify in writing to the District Tax Assessor/Collector their compliance with each term of this Agreement.
- iv. Owner may terminate this Agreement with thirty (30) days written notification to the District. Owner shall not be entitled to a tax abatement for the year in which such termination is made. If taxes for the year of termination have been abated, the Owner shall, with such notice, make payment to the District of any abated taxes for the year of termination with appropriate interest and penalty if payment is received after the payment deadline. Termination under this section shall not affect the abatement of taxes for all prior years

6. INTENTIONALLY LEFT BLANK

7. Event of Default

- a. District may declare Owner or Lessee in default of this Agreement if after notice is given under 7.B. below and failure to timely cure the specified default: (1) Owner or Lessee fail to comply with any term of this Agreement or (2) Owner or

Lessee allows District ad valorem taxes on any property owned in Fort Bend County to become delinquent, even if the delinquent taxes are for a property not subject to an abatement or (3) Owner ceases operations on the Real Property for a continuous period of one hundred eighty (180) days before the expiration of the term of the Abatement without the prior written consent of the District, except that in the event of (i) a temporary shutdown of the facility, with assurance of the resumption of operations, for the purpose of facility modification, expansion, improvement, retooling or similar purpose, (ii) the facility is being actively marketed, the District shall not unreasonably withhold consent to a reasonable extension to such period to permit the sale of the facility to another operator, (iii) the closure of the facility pending settlement of insurance, casualty or condemnation claims and the reconstruction and restoration thereof or (iv) the closure of the facility due to inadequate or unacceptable raw water supply shall not constitute a vacating of or a cessation of operations on the Real Property under this Section 7(a)(3). Such exceptions are subject to further extension for force majeure as defined in Section 11 herein.

- b. District shall notify Owner or Lessee (as applicable) of any default in writing specifying the default. Owner or Lessee shall have sixty (60) days from the date of the notice to cure any default. If Owner or Lessee fails to cure the default within ninety (90) days from receipt of notice, District may terminate this Agreement by written notice.
- c. If this Agreement is terminated by District, as District's sole and exclusive remedy, Owner or Lessee (as applicable) agrees that they are liable for and will pay to District within thirty (30) days after the termination of this Agreement:
 - i. The amount of all taxes abated during the term of this Agreement; and
 - ii. Interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.
 - iii. Penalties on the amount abated in the year of default, at the rate provided for in the Texas Tax Code for delinquent taxes.
- d. District shall have a lien against the Real Property and Ineligible Property for the taxes and interest owed because of the recapture of taxes under this paragraph during the time period beginning on the date such payment obligation accrues and continuing until the date is paid.
- e. **District acknowledges and agrees that notwithstanding anything to the contrary in this Agreement that Section 7 herein sets forth the sole and exclusive remedies of the District in the event of default by Company under this Agreement and all other remedies are expressly waived and released. Without limiting the foregoing, the District and Company further agree that the District is entitled to the damages set forth in Section 7 (c), but in no event shall either party be liable to the other for any punitive, incidental, consequential, indirect or special damages.**
- f. This paragraph is required by Chapter 2264, Texas Government Code and governs over any conflicting provisions of this Agreement. Owner and any Lessee are prohibited from knowingly employing undocumented workers as that term is defined in Section 2264.001, Texas Government Code. If Owner or Lessee is convicted of a violation under 8 U.S.C. Section 1324a(f), the conviction shall be

considered default of this Agreement, from which no cure provisions shall apply. In such event, District shall provide written notice to Owner and Lessee of the default and this Agreement shall automatically terminate on the 30th day after the date of the notice of default from District to Owner or Lessee. In the event of termination under this paragraph, Owner shall repay to District the amount of all property taxes abated under this Agreement, plus interest on the abated amount at the rate provided for in the Texas Tax Code for delinquent taxes.

8. Administration and Inspection

- a. This Agreement shall be administered on behalf of the District Tax Assessor/Collector or their designee. Owner and Lessee shall allow employees or other representatives of District who have been designated by the Tax Assessor/Collector to have access to the Real Property (during normal business hours) during the term of the Agreement. All regular inspections shall be made only after two (2) business days prior notice and will be conducted in such a manner as not to unreasonably interfere with the construction or operation of the facility. A representative of Owner or Lessee may accompany the inspector and the inspection may be restricted to a reasonable number of visitors, within reasonable areas of access. District shall cause each of its employees and representatives who conduct such inspections to abide by all of Owner's or Lessee's security, safety and operational rules (as the same may be amended from time to time), copies of which have been made available to District.
- b. Upon completion of the Improvements, District shall annually evaluate the Improvements to ensure compliance with the terms and provisions of this Agreement and shall report potential defaults to the Owner.
- c. The Chief Appraiser of the FBCAD shall annually determine (1) the taxable value under the terms of this abatement of the Improvements located on the Real Property and (2) the full taxable value without abatement of the Real Property and the Improvements located on the Real Property. The Chief Appraiser shall record both abatement taxable value and full taxable value in the appraisal records. The full taxable value figure listed in the appraisal records shall be used to compute the amount of abated taxes that is subject to being recaptured pursuant to the other provisions of this Agreement if this Agreement is terminated in a manner that results in recapture of abated taxes.
- d. Owner and Lessee shall furnish the Chief Appraiser annually such information as provided for under Chapter 22 of the Texas Property Tax Code, as may be necessary for the administration of the this Agreement. Such information shall also be provided annually to the District Tax Assessor/Collector in preparation of its annual evaluation for compliance with the terms and provisions of this Agreement.

9. Assignment

- a. Neither Owner or Lessee may assign this Agreement without prior written consent of District. No assignment shall be effective or approved if District has declared a default hereunder which has not been cured or the assignee is delinquent in the payment of any ad valorem taxes owed to District. Approval shall not be unreasonably withheld.
- b. Any and all assignments shall contain the same terms and conditions as set out in

this Agreement and shall be granted for the remaining term of the original Agreement only.

- c. Owner and Lessee shall provide notice to District within ninety (90) days of any sale or assignment of the Real Property subject to this Agreement.

10. **INTENTIONALLY LEFT BLANK**

11. **Force Majeure**

If by reason of force majeure, Owner or Lessee are unable to perform any obligation of this Agreement, it shall give notice of the force majeure to District in writing within thirty (30) calendar days after Owner or Lessee first becomes aware or should have become aware of the occurrence relied upon. By doing so, the obligation of Owner or Lessee, to the extent and for the period of time affected by the force majeure, shall be suspended. Owner or Lessee shall endeavor to remove or overcome the inability with all reasonable effort. For purposes of this provision, "force majeure" shall include, but not be limited to acts of God, landslides, lightning, earthquakes, hurricanes, storms, floods, or other natural occurrences; strikes, lockouts, insurrections, riots, wars or other civil or industrial disturbances; orders of any kind of the federal or state government or of any civil or military authority; explosions, fires, breakage or accidents to machinery, lines, or equipment, or the failure or lack of capacity of the wastewater system or water supply system; or any other cause not reasonably within the control of the Owner or Lessee.

12. **Drainage District Board Approval**

This Agreement is conditioned entirely upon the approval of the Drainage District Board by the affirmative vote of a majority of the members present at a duly scheduled meeting of the Drainage District Board.

13. **Compliance with State and Local Regulations**

This Agreement shall not be construed to alter or affect the obligations of Owner or Lessee to comply with any city ordinance or federal or state law or regulation.

14. **INTENTIONALLY LEFT BLANK**

15. **Miscellaneous**

- a. This Agreement and the rights and obligations of each party shall be construed and enforced under and in accordance with the laws of the State of Texas, and all obligations of the parties created hereunder are performable in Fort Bend County, Texas.
- b. In the event of one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision hereof and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.
- c. The waiver by either party of a breach of any provision of this Agreement shall not operate as or be construed as a waiver of any subsequent breach.
- d. Any amendments of this Agreement shall be of no effect unless in writing and signed by both parties hereto.

16. Notices

- a. Any notice required to be given under the provisions of this Agreement shall be in writing and shall be duly served when it shall have been hand delivered or deposited, enclosed in a wrapper with the proper postage prepaid thereon, and certified, return receipt requested, in a United States Post Office, addressed to District, Owner and Lessee at the mailing address as hereinafter set out. If mailed, any notice of communication shall be deemed to be received three (3) business days after the date of deposit in the United States Mail.
- b. Unless otherwise provided in this Agreement, all notices shall be delivered to Owner or District at the following addresses:

To the Tax Assessor/Collector: The Honorable Patsy Schultz
District Tax Assessor-Collector
1317 Eugene Heimann Circle
Richmond, Texas 77469

To District: Fort Bend County Drainage District
401 Jackson
Richmond, Texas 77469
Attention: County Judge

To Owner: Schlumberger Technology Corporation
Attention: Legal Department
300 Schlumberger Dr.
Sugar Land, TX 77478

To: Lessee Schlumberger Limited
Attention: Legal Department
5599 San Felipe St.
Houston, TX 77056

- c. Any party may designate a different address by giving the other parties ten (10) days prior written notice thereof. Failure of Owner or Lessee to provide District Tax Assessor/Collector thirty (30) days notice of a change of address may result in termination of this Agreement.

17. Entire Agreement

This Agreement contains the entire Agreement among the parties and supercedes all other negotiations and agreements, whether written or oral. This Agreement shall inure to the benefit of and be binding upon the parties hereto and each of their respective successors and assigns. Attached hereto are Exhibit A – City of Sugar Land Ordinance Creating Reinvestment Zone No. 2015-02; Exhibit B - legal description of Real Property; Exhibit C: Economic Impact Statement Submitted by Schlumberger Technology Corporation and Exhibit D: Improvements, all of which are made part of this Agreement.

18. **Conflict**

In the event there is a conflict between the content of this Tax Abatement document Agreement and any attached Exhibit, this Agreement controls with regard to the conflict.

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Execution page follows

19. **Execution**

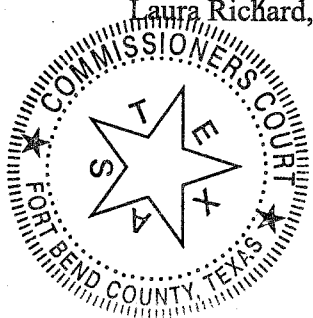
IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by District, Owner and Lessee as of the dates below stated. All Parties warrant and represent that the individuals executing this agreement on behalf of each have full authority to execute this Agreement and bind each to the same.

DISTRICT:
FORT BEND COUNTY DRAINAGE DISTRICT

By: *Robert E. Hebert*
Robert E. Hebert, County Judge

Date: 11-3-2015

ATTEST:
Laura Richard
Laura Richard, County Clerk



OWNER:
SCHLUMBERGER TECHNOLOGY CORPORATION

By: *Tom Teipner*

Printed Name: Tom TEIPNER
Title: President North America

Date: _____

ATTEST:

Printed Name: _____

LESSEE:
SCHLUMBERGER LIMITED (SCHLUMBERGER N.V.)

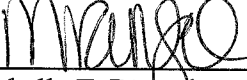
By: *JF Poupeau*

Printed Name: JF Poupeau
Title: Executive Vice President Corporate Development & Communication

ATTEST:

Printed Name: _____

Reviewed:



Michelle T. Rangel
Assistant County Attorney

Attachments:

Exhibit A City of Sugar Land Ordinance Creating Reinvestment Zone No. 2015-02

Exhibit B Legal description of Real Property

Exhibit C Economic Impact Statement Submitted by Schlumberger Technology Corporation

Exhibit D: Improvements

FBC internal tracking:

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EXHIBIT A
ORDINANCE CREATING
CITY OF SUGAR LAND, TEXAS
REINVESTMENT ZONE NO. 2015-02

will be replaced with executed copy

ORDINANCE NO. 2026

AN ORDINANCE OF THE CITY OF SUGAR LAND, TEXAS, CREATING REINVESTMENT ZONE NO. 2015-02 FOR A 32.479 ACRE TRACT OF LAND LOCATED NORTHEAST OF THE INTERSECTION OF US HIGHWAY 90A AND GILLINGHAM LANE AND WEST OF INDUSTRIAL BLVD. IN THE BROWN AND BELKNAP LEAGUE, ABSTRACT NO. 15, SUGAR LAND, FORT BEND COUNTY, TEXAS.

WHEREAS, the Property Redevelopment and Tax Abatement Act (Tax Code § 312 et seq.) authorizes cities to create reinvestment zones and enter into tax abatement agreements with the owners of qualifying properties in reinvestment zones; and

WHEREAS, the City has received an application requesting tax abatement for real property improvements to be located in the zone; and

WHEREAS, the zone is eligible for tax abatement; and

WHEREAS, a public hearing, for which notice was given as required by law, was held at which interested persons were given an opportunity to present evidence for and against the creation of the zone; and

WHEREAS, the City Council has found that the improvements sought to be located in the proposed reinvestment zone are feasible and practical and would be a benefit to the land to be included in the zone and to the City after the expiration of a tax abatement agreement; and

WHEREAS, the creation of the reinvestment zone will be reasonably likely to contribute to the retention or expansion of primary employment or to attract major investment into the zone that would be a benefit to the property located therein and that will contribute to the economic development of the City of Sugar Land; NOW, THEREFORE,

**BE IT ORDAINED BY THE CITY COUNCIL
OF THE CITY OF SUGAR LAND, TEXAS:**

Section 1. That Reinvestment Zone No. 2015-02 is created for the real property described in Exhibit A, attached to and incorporated into this ordinance by reference.

Section 2. That the Reinvestment Zone created herein is eligible for commercial-industrial tax abatement as provided by law.

Section 3. That Reinvestment Zone No. 2015-02 expires five years from the date of this ordinance.

APPROVED on first consideration on _____, 2015.

ADOPTED upon second consideration on _____, 2015.

James A. Thompson, Mayor

ATTEST:

Glenda Gundermann, City Secretary

APPROVED AS TO FORM:

Attachment: Exhibit A - Property Description

EXHIBIT B

LEGAL DESCRIPTION OF REAL PROPERTY

EXHIBIT A

August 14, 2015
Job No. 1207-0006

DESCRIPTION OF
32.479 ACRES
TAX ABATEMENT AREA

Being 32.479 acres of land located in the Brown and Belknap League, Abstract 15, Fort Bend County, Texas, more particularly being a part of that certain called 200.0 acre tract conveyed to Schlumberger Well Surveying Corporation, a Texas Corporation, by an instrument of record in Volume 362, Page 15, Deed Records of said Fort Bend County (F.B.C.D.R.), said 32.479 acres being more particularly described by metes and bounds as follows (all bearings are referenced to the Texas Coordinate System, South Central Zone, NAD 83 2001 adj.);

COMMENCING for reference at a 5/8-inch iron rod with cap stamped "SAM INC" found marking the northeast corner of said 200.0 acre tract, same being in the west right-of-way line of Industrial Boulevard (width varies), from which a found 1/2-inch iron rod found for a point of reference, bears North 75° 08' 30" East, 61.44 feet;

Thence, South 18° 32' 14" West, 1,667.49 feet to the northeast corner and POINT OF BEGINNING of the herein described tract;

Thence, South 02° 47' 33" East, 970.17 feet to a point for the southeast corner of the herein described tract;

Thence, South 87° 40' 09" West, 353.59 feet to a point for corner;

Thence, North 02° 21' 56" West, 306.17 feet to a point for corner;

Thence, South 87° 15' 47" West, 273.75 feet to a point for corner;

Thence, South 02° 40' 02" East, 385.93 feet to a point for corner;

Thence, South 87° 30' 41" West, 311.80 feet to a point for corner;

Thence, South 02° 53' 56" East, 93.31 feet to a point for corner;

32.479 acres

August 14, 2015
Job No. 1207-0006

Thence, South 87° 36' 31" West, 386.47 feet to a point for the southwest corner of the herein described tract;

Thence, North 02° 25' 00" West, 290.24 feet to a point for corner;

Thence, South 87° 40' 47" West, 81.56 feet to a point for corner;

Thence, North 02° 15' 44" West, 242.20 feet to a point for corner;

Thence, North 24° 18' 09" West, 120.12 feet to a point for corner;

Thence, North 02° 29' 28" West, 479.52 feet to a point for the northwest corner of the herein described tract;

Thence, North 46° 27' 51" East, 75.48 feet to a point for corner;

Thence, North 63° 01' 46" East, 104.84 feet to a point for corner;

Thence, North 69° 21' 51" East, 77.28 feet to a point for corner;


Thence, North 83° 20' 20" East, 118.96 feet to a point for corner;

Thence, South 79° 03' 29" East, 590.83 feet to a point for corner;

Thence, South 89° 25' 47" East, 170.78 feet to a point for corner;

Thence, North 81° 06' 12" East, 355.41 feet to the POINT OF BEGINNING and containing 32.479 acres of land.

This description is based on record information only and does not reflect an on the ground survey. Corners were not set at the client's request.


Stephen L. Sekal, RPLS
Registered Professional Land Surveyor
Texas Registration No. 5673



Engineering, Inc.

LINE	BEARING	TABLE	DISTANCE
L1	S 75°08'30"	W	61.44'
L2	S 18°32'14"	W	1667.49'
L3	S 02°47'33"	E	970.17'
L4	S 87°40'09"	W	353.59'
L5	N 02°21'56"	W	306.17'
L6	S 87°15'47"	W	273.75'
L7	S 02°40'02"	E	385.93'
L8	S 87°30'41"	W	311.80'
L9	S 02°53'56"	E	93.31'
L10	S 87°36'31"	W	386.47'
L11	N 02°25'00"	W	290.24'
L12	S 87°40'47"	W	81.56'
L13	N 02°15'44"	W	242.20'
L14	N 24°18'09"	W	120.12'
L15	N 02°29'28"	W	479.52'
L16	N 46°27'51"	E	75.48'
L17	N 63°01'46"	E	104.84'
L18	N 69°21'51"	E	77.28'
L19	N 83°20'20"	E	118.96'
L20	S 79°03'29"	E	590.83'
L21	S 89°25'47"	E	170.78'
L22	N 81°06'12"	E	355.41'

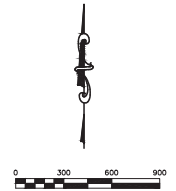
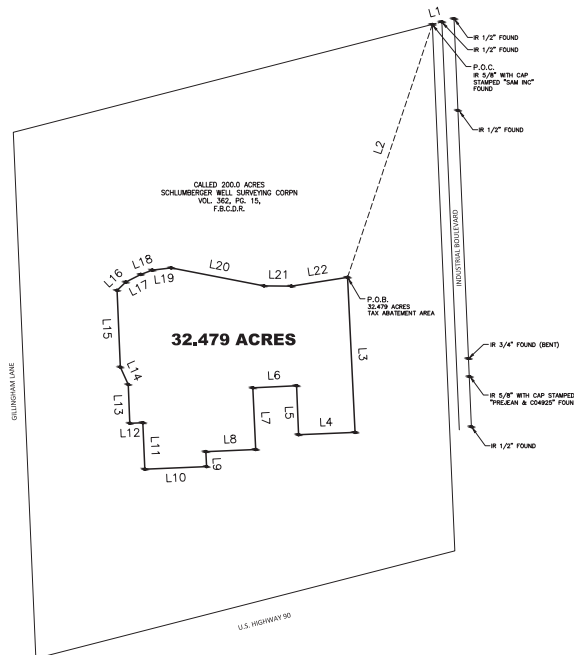


EXHIBIT OF
32.479 ACRES
TAX ABATEMENT AREA
IN THE
BROWN BELKNAP LEAGUE, A-15
CITY OF SUGARLAND
FORT BEND COUNTY COUNTY, TEXAS

AUGUST 2015 JOB NO. 1207-0006

LJA Engineering, Inc.
 2929 Briarpark Drive Phone 713.953.5200
 Suite 600 Fax 713.953.5026
 Houston, Texas 77042 T.B.P.L.S. Firm No. 10110501

NOTES:
 1) ALL BEARINGS ARE REFERENCED TO THE TEXAS COORDINATE SYSTEM, SOUTH CENTRAL ZONE, NAD 83 2011 ADJ.
 2) CORNERS WERE NOT SET AT THE CLIENT'S REQUEST.

EXHIBIT C

ECONOMIC IMPACT STATEMENT
SUBMITTED BY
SCHLUMBERGER TECHNOLOGY CORPORATION



APPLICATION FOR AD VALOREM TAX ABATEMENT

The following factors will be considered as a whole to determine the entire economic impact of the company: location of project, type of business, is the company in one of the City's target industries, number of jobs, skill level of each job, average salary, investment in building improvements or new building, value of taxable inventory, value of taxable personal property and equipment, sales tax revenue generated for the City and County, impact on local infrastructure, and impact (good or bad) on existing businesses in the City and County.

- 1. Please provide a detailed summary statement about your company (its history, type of business and industry, etc.) and clearly describe its operations at the proposed facility in Sugar Land.**

See Direct Incentive Application

- 2. Information About Your Company**

Company Name: Schlumberger Technology corporation (STC)	
Contact Person: Michael Lateur	Title: Director
Current Address: 110 Schlumberger Drive, Sugar Land, TX, 77478	
Office #: 512-671-5575	Mobile #: 512-413-7055
Fax #: 512-371-6549	Website:
Email Address: Michael.Lateur@duffandphelps.com	
The Company's Primary SIC Code: 1389	
State of Incorporation: TX	

- 3. Name of entity that will own the building:**

Schlumberger Technology Corporation (STC)

- 4. Type of project (check all that apply):**

- Existing business in Fort Bend County
- Existing business in Sugar Land
- New business to Sugar Land/Fort Bend County
- Expansion of existing facility
- Construction of new facility

- Company will lease facility
- Company will own facility
- Corporate/Regional Headquarters

5. Location of proposed site(s) in Sugar Land (street address or nearest street intersection):

Existing STC Campus, Located on Schlumberger Drive in Sugar Land, TX

6. Scope of project (Include conceptual site plans & facility renderings):

Size of new facility/expansion:	350-400k SF
Size of existing facility (if applicable):	980k SF
Size of lease space in existing facility (if applicable):	
Number of acres at facility site:	+/-200
Type of Construction (tilt wall, metal, concrete, etc.):	various

7. Please give detailed breakdown of operations within the proposed facility (i.e., 20% office; 25% distribution; 15% metal fabrication; 40% warehouse, etc.):

100% Office/Amenities

8. Truck traffic to be generated (# daily or weekly):

9. Targeted start of construction: October, 2015

10. Targeted start of operations: November, 2017

11. Market value (taxable assets) of the firm’s property that would be located at the facility in Sugar Land (new property to Sugar Land):

<u>Land</u>	<u>Building Improvements</u>	<u>Furniture, Fixtures & Equipment</u>	<u>Inventory</u>	<u>Total</u>
See Direct Incentive Application				

12. Estimated percent of inventory that would be Freeport qualified: 0 %

Freeport goods are inventories (raw materials, goods-in-process, and finished products) acquired or brought into the state by businesses and held for no more than 175 days before being shipped out of state.

13. Employment information:

New Jobs Created

Existing Jobs Retained

Total Number of Jobs

See Direct Incentive Application _____

14. Average salary (before benefits):

See Direct Incentive Application

15. Amount of initial, annual local payroll to be created:

See Direct Incentive Application

16. The firm's estimated annual amount of taxable sales (that generate sales taxes) in the City of Sugar Land:

See Direct Incentive Application

17. Will there be any special infrastructure (water/wastewater, power, gas, transportation, etc.) needs required by the company:

YES

18. Does the company own a corporate airplane that would be housed at the Sugar Land Regional Airport? If so, what is the plane's value:

See Direct Incentive Application

19. Will the company's local business practices necessitate business travel that will bring clients or employees to Sugar Land, resulting in hotel/motel bookings? If so, what is the estimated number of hotel/motel stays per year that will be booked locally?

See Direct Incentive Application

LEED TAX ABATEMENT

(If Applicable to Project)

20. Applicable LEED Green Building Rating System and Version on which the Certification Will Be Based:

Rating System: TBD Version: TBD

21. Level and Number of Points of LEED Rating System at which applicant expects Certification:

Level: TBD Number of Points: TBD

22. Proof that Project Has been Registered with the US Green Building Council

Proof of Registration: TBD

23. Information on LEED Accredited Professional Assigned to the Design Team for the Project (if applicable)

Contact Person:	Title:
Address:	
Office #:	Mobile #:

Fax #:	Email Address:
--------	----------------

24. **Note:** A draft site plan and a survey with metes and bounds description of the project must be provided for use as an exhibit to the tax abatement agreement and reinvestment zone ordinance before those documents can be drafted. Site plan must identify phasing of the project as listed in the improvement values and comply with zoning codes as well as any additional regulations related to planned development district requirements where applicable.

25. By signing and submitting this application you certify that the company, its branches, divisions and departments (company) do not and will not knowingly employ an undocumented worker. An agreement with the company will require the company to repay the total amount of the public benefit received with interest at the rate and according to the terms of the agreement if the company is convicted of a violation under 8 U.S.C. Section 1324a (f). Repayment will be due no later than the 120th day after the date the City notifies the company of the violation as provided in the agreement.

An undocumented worker is an individual who, at the time of employment, is not:

- (1) lawfully admitted for permanent residence to the United States; or
- (2) authorized under law to be employed in that manner in the United States.

26. List name of and title of individual authorized to execute tax abatement agreement on behalf of the company:
a. Name: TBD
b. Title: _____
c. Address: _____



Signature

Director

Title

6-3-15

Date

There is no application fee or membership required by the City of Sugar Land. However, Fort Bend County requires that companies receiving tax abatement maintain a trustee membership in the Greater Fort Bend Economic Development Council for the term of the agreement.



Business Incentive Application

The information requested on these data sheets is needed by the City of Sugar Land, Texas, Economic Development Department to perform an economic impact analysis of your firm's proposed facility or expansion in Sugar Land, Texas. If you have any questions concerning the information being requested on these data sheets, please contact the Office of Economic Development Department. Please complete the information requested and submit it to:

Email: ecodev@sugarlandtx.gov

Fax: 281.275.2217

Mail: City of Sugar Land
Economic Development
2700 Town Center Blvd. North
Sugar Land, TX 77479
Phone: 281.275.2229

Incentive(s) applying for: Direct Incentive Chapter 380 Agreement

About Your Firm:

Name of firm: _____

Current address: _____

Legal description of the property: See R136538 and R31531 on attached real estate parcel map:

Phone number: _____

Fax number: _____

Person completing this form: _____ Duff & Phelps

Location of the firm's proposed or existing facility in the Sugar Land area:

What is the zoning classification of the property? _____

Does it meet with the zoning requirements of this site being considered? Yes No If No, Please explain:

Project Type

- Local expansion of existing Sugar Land business(business retention)
- New company to Sugar Land and Fort Bend County (national marketing)
- Startup Company

Type of Ownership

- Cooperative
- Proprietorship
- Partnership
- Limited Liability Company

Date of formation: _____ State of origin: _____

- Corporation

Date of formation: _____ State of origin: _____

- "S" Corporation

Will you own or lease the facility? Own Lease

Application Status

New application Re-application, if reapplying, give reasons for reapplication:

If the project is operated elsewhere in the state or if the project proprietor has operations elsewhere, please list the names of the communities:

Schlumberger Technology Corporation is the main US-operating subsidiary of Schlumberger, the world's leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry worldwide. Employing approximately 115,000 people representing over 140 nationalities and working in more than 85 countries, Schlumberger provides the industry's widest range of products and services from exploration through production. Schlumberger North America currently operates several facilities and offices in the Greater Houston area

Has the company been involved in any local, state or Federal investigations and/or lawsuits pertaining to the operation of the organization?

Yes No If yes, please attach a written explanation.

See "Application Attachment A"

Has any member of the management team been involved in any local, state or Federal investigations and/or lawsuits pertaining to the operations of the organization?

Yes No If yes, please attach a written explanation.

See "Application Attachment A"

Are you delinquent on any property taxes in the State of Texas? Yes No

To our knowledge, we are not aware of any outstanding property taxes

Have you had any previous business activity in the state? Yes No If yes, where?

Project Description

Projected Construction Start: _____

Projected Construction End: _____

Projected Operations Start: _____

Description of the firm's business and plans to develop or expand in the Sugar Land area:

Schlumberger Technology Corporation is the main US-operating subsidiary of Schlumberger, the world's leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry worldwide.

As part of its resource management and consolidation strategy, Schlumberger is relocating part of its Houston-based resources, consisting of approximately 517 employees, to Schlumberger Technology Corporation's (STC) existing 200-acre Sugar Land campus in Fort Bend County. The project includes greenfield construction of new accommodations for management offices, North America operations, general amenities including cafeteria and fitness center, and a large auditorium for company specific events. The project also encompasses the demolition of obsolete buildings, repair of site utilities, and reconstruction of the landscape features to improve the site experience for employees and visitors.

Schlumberger is considering several potential sites in the Greater Houston area for the project, the purpose of which is to promote efficiencies and increase collaboration between Schlumberger's US-based personnel.

Primary SIC: _____

Primary NAICS: _____

Your Firm's Taxable Assets, Employees and Operations

Market value of the firm's new or additional property purchased each year at its local facility that will be on local property tax rolls on January 1: *Please see note regarding improvements in table below

Year	Land	Buildings & Improvements	Furniture, Fixtures, & Equipment	Total
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
Total				

Percent of construction costs for Materials: _____% and Labor: _____%

Percent of taxable construction materials that will be purchased in the City of Sugar Land: _____%

Percent of taxable spending by construction workers that will be in the City of Sugar Land: _____%

**Because cost estimates are more accurate than market value estimates, the figures in the table above (land, improvements, FF&E) reflect the projected capital investment, approximately \$240M.*

Percent of furniture, fixtures and equipment that will be purchased in the City of Sugar Land: ____%

Percent of furniture, fixtures and equipment to be purchased and subject to sales tax*: ____%
 *Machinery and equipment used in manufacturing or processing operations are not taxable.

Estimated taxable inventories, at the end of each year (\$):

Year	Amount
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Estimated monthly utilities (\$): *Wastewater estimates include water and solid waste*

Year	Water	Wastewater	Solid Waste	Electricity	Natural Gas	Cable
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						

Percent of electricity and natural gas usage for manufacturing or processing operations ____%

Number of phone lines: _____

The firm's estimated taxable purchases of materials, supplies and services in the City (\$):

The firm's estimated taxable sales in the City (\$):

Year	Amount
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Year	Amount
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

New Employees* to be hired:

Year	New Employees to be hired	Estimated number of these employees who will move to the City from somewhere else to take a job with the firm.
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

*Employees would transfer to the Sugar Land facility from other locations within the region

* For projects with more than 150 jobs please attach a schedule of the jobs to be created by year created, by categories and the average annual wages not including benefits for each category.

Average annual salaries of new employees in the first year not including benefits: \$ _____

Percent of expected annual salary increases after the first year: _____%

Household size of a typical new worker moving to the City (Enter 0 if unknown): _____

Number of children, grades K-12, in household of typical new worker who will move to the City: _____

Other

Will property tax exemption be requested by the firm for pollution control equipment? Yes No

Equipment to be acquired for pollution control and a property tax exemption will be requested:

Year	Furniture, Fixtures and Equipment	Total
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
Total		

Will any of the firm's inventories* be subject to Freeport exemption? Yes No

**Inventory items used in assembling, storing, manufacturing, repair, maintenance, processing or fabricating that will be shipped out of Texas within 175 days of being acquired or brought into Texas are generally subject to Freeport exemption. Therefore, property taxes are collected on this exempt inventory. However, none of the local taxing districts in Sugar Land currently offers this tax break.*

Percent of the firm's inventories that would be subject to Freeport exemption: _____%

Will the firm apply for Freeport exemption, if available? Yes No

Out-of-Town Visitors the will Visit the Firm

Number of out-of-town visitors expected at the firm in the first year: _____

Percent of annual increase in the number of visitors: _____%

Average number of days that each visitor will stay in the community: _____

Average daily taxable visitor spending, excluding lodging: \$_____

Average number of nights that a typical visitor will stay in a local motel: _____

Out-of-Town Truckers Loading or Unloading at the Firm

Number of out-of-town truckers expected to load or unload at the firm in the first year: _____

Percent of annual increase in the number out-of-town truckers: _____%

Average daily taxable by a typical trucker: \$_____

Percent of truckers who will stay one night in a local motel: _____%

Does the company own a corporate airplane that would be housed at Sugar Land Regional Airport?

Yes No If so, what is the plane's value: _____

Statement Regarding Undocumented Workers
(Required by Chapter 2264, Texas Government Code)

By signing and submitting this application you certify that the company, its branches, divisions and departments (company) do not and will not knowingly employ an undocumented worker. An agreement with the company will require the company to repay the total amount of the public benefit received with interest at the rate and according to the terms of the agreement if the company is convicted of a violation under 8 U.S.C. Section 1324a (f). Repayment will be due no later than the 120th day after the date the City notifies the company of the violation as provided in the agreement.

An undocumented worker is an individual who, at the time of employment, is not:

- (1) lawfully admitted for permanent residence to the United States; or
- (2) authorized under law to be employed in that manner in the United States.



Signature

Title

Date

Job Creation Schedule									
Occupation	Net New Jobs					Net New Total	Retained Jobs	Grand Total	
	Executive	Executive 2	Management	Professional	Administration				
Average Annual Wage	\$556,417	\$307,000	\$197,000	\$107,000	\$68,950				
Year	1	12	15	151	266	73	517	0	517
	2						0	517	517
	3						0	517	517
	4						0	517	517
	5						0	517	517
	6						0	517	517
	7						0	517	517
	8						0	517	517
	9						0	517	517
	10						0	517	517
Total	12	15	151	266	73	517	517	517	

Application Attachment A

Statement on Operation of Organization

Schlumberger Technology Corporation (“STC”) is the main US-operating subsidiary of Schlumberger, the world’s leading supplier of technology, integrated project management and information solutions to customers working in the oil and gas industry worldwide. To the extent STC or a member of its management is involved in any material local, state or Federal investigation and/or lawsuit, such involvement will be disclosed by Schlumberger Limited to the SEC in accordance with applicable laws and regulations.

EXHIBIT D
IMPROVEMENTS

(Drawing Showing Improvements)

